

TANF FUNDING

H.R. 240 Maintains Current Funding For TANF Despite Unprecedented Caseload Declines

Despite significant caseload reductions, H.R. 240 maintains the current TANF block grant at record highs and increases child care funding by up to \$4 billion.

- For each of the next 5 years (2006-2010), States will receive \$16.6 billion in Federal TANF block grant funds – the same as in years 1997-2005.
- States must continue to provide 75 percent of their former welfare spending (the “maintenance of effort” or MOE requirement, equal to at least \$10.4 billion per year) to receive full Federal funding.
- H.R. 240 also adds up to \$4 billion over five years to the already historic high level of Federal child care funding (now funded at \$4.8 billion per year, and rising to as much as \$6.0 billion in 2010. To access some of these funds, States provide their own spending totaling approximately \$1.3 billion per year).

Thus, a total of \$170 billion in Federal and State TANF and child care funds will be available over the next 5 years (2006-2010). This high funding is made available despite unprecedented caseload declines.

- The 1996 welfare reform law set and maintained Federal welfare funding levels at their all-time peak in 1994-95.
- TANF block grant funds are maintained at that level despite unprecedented national caseload declines of more than 54 percent since August 1996:

Falling Welfare Rolls Since Welfare Law Signed (HHS Data)

	August 1996	June 2004	Drop
Families	4.4 million	2.0 million	54.5 %
Recipients	12.2 million	4.7 million	61.5 %

- In the past, AFDC funds fluctuated with changes in the caseload. *If* we had maintained AFDC and *if* the caseloads had still fallen steeply, Federal welfare funds would have been slashed. They weren’t cut due to the fixed TANF block grant.
- States currently (September 2003) have approximately \$3.9 billion in unspent TANF funds. (Source: HHS)